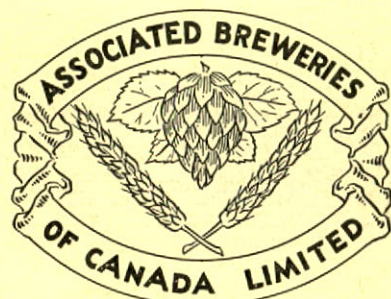


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CALGARY CANADA

TRANSFER AGENT:

THE ROYAL TRUST CO., MONTREAL, CALGARY
AND CHARLOTTETOWN

Annual Report

for the

Year Ended December 31

1940

COMMERCE

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Government Taxes Charged Against Operations for the Year 1940

Federal Excise Taxes.....	\$ 1,118,030.06
Federal and Provincial Income and Excess Profits Taxes.....	536,030.04
	<u>\$1,654,060.10</u>

(In addition to the above taxes, the Western Provincial Liquor Boards obtain revenue from the brewing industry in the form of profits on the sale of beer rather than from Taxes.)

Directors

R. J. CHISWICK, Lethbridge, Alberta.	EMIL G. SICK, Seattle, Washington.
LT.-COL. E. G. HANSON, D.S.O., Montreal, Quebec.	FRITZ SICK, Vancouver, British Columbia.
WM. HUTTON, Regina, Saskatchewan.	J. A. SWALWELL, Seattle, Washington.
R. H. B. KER, Victoria, British Columbia.	J. G. WALFORD, Calgary, Alberta.
J. C. MALONE, K. C. Regina, Saskatchewan.	RT. HON. WM. DUDLEY-WARD, Calgary, Alberta.
C. E. MORRIS, Calgary, Alberta.	GEORGE R. WHITMORE, Regina, Saskatchewan.
W. H. SHEPPARD, Edmonton, Alberta.	F. L. SHOULDICE, Calgary, Alberta.

Officers

E. G. SICK.....	President
FRITZ SICK.....	Chairman of the Board
R. H. B. KER.....	Vice-President and Secretary
W. H. SHEPPARD.....	Vice-President
G. R. WHITMORE.....	Vice-President
J. G. WALFORD.....	General Manager
I. N. WILSON.....	Treasurer and Assistant-Secretary

Plants and Locations

WHOLLY OWNED SUBSIDIARIES

EDMONTON BREWERIES LIMITED.....	Edmonton, Alta.
LETHBRIDGE BREWERIES LIMITED.....	Lethbridge, Alta.
PRINCE ALBERT BREWERIES LIMITED.....	Prince Albert, Sask.
THE REGINA BREWING COMPANY, LIMITED.....	Regina, Sask.
CAPILANO BREWING COMPANY, LIMITED.....	Vancouver, B.C.

ASSOCIATED BREWERIES OF CANADA LIMITED

AND WHOLLY OWNED SUBSIDIARY BREWING COMPANIES

Consolidated Profit and Loss Account For the Year ending December 31st, 1940

Net Operating Profits, before charging depreciation.....	\$ 1,107,678.31
<i>(A total of \$51,803.73, which includes salaries paid to brewery managers was paid as salaries and remuneration to the executive officers and legal advisors of the Company.)</i>	
Revenue from Investments.....	113,092.35
Other Revenue	22,146.51
	1,242,917.17
Less:	
Directors' Fees	\$ 6,500.00
Depreciation	158,326.30
Federal and Provincial Income Taxes.....	294,518.90
Excess Profits Taxes.....	241,511.14
	700,856.34
Net Profits for the year, carried to Earned Surplus Account	
	\$ 542,060.83

Consolidated Earned Surplus Account December 31st, 1940

Balance at January 1st, 1940.....	\$ 1,090,739.90
Net Profits for the year from Profit and Loss Account.....	542,060.83
	1,632,800.73
Less:	
Four quarterly dividends, each of $1\frac{3}{4}$ per cent., on the Cumulative Preferred Shares.....	\$ 51,255.50
Three dividends of 25 cents per share, and one dividend of 60 cents per share on the issued Common Shares of no par value.....	321,300.00
	372,555.50
Balance, carried to Balance Sheet.....	
	\$ 1,260,245.23

F CANADA LIMITED

Y BREWING COMPANIES

December 31st, 1940

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 46,595.96	
Income and Other Taxes.....	560,001.72	
	<u> </u>	\$ 606,597.68

Secured Loan:

Bank of Montreal, San Francisco	343,506.82
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Deferred Liability	43,249.32
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Reserves:

For Premium on Preferred Shares.....	31,124.07	
For Contingent Losses on Investments.....	345,238.50	
For Depreciation of Fixed Assets.....	1,642,871.71	
For Federal and Provincial Taxes.....	35,900.10	
	<u> </u>	2,055,134.38

Capital:

Preferred Shares—7% Cumulative Redeemable Preferred Shares	713,900.00	
Common Shares—238,000 Common Shares of no par value	2,145,293.08	
	<u> </u>	2,859,193.08

Earned Surplus	1,260,245.23
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Contingent Liabilities, \$45,548.28

\$ 7,167,926.51

Our report on the above Balance Sheet, dated February 17th, 1941, is attached hereto.

NASH & NASH,
Chartered Accountants.

ASSOCIATED BREWERIES

AND WHOLLY OWNED SUBSIDIARIES

Consolidated Balance Sheet

ASSETS

Current Assets:

Cash on Hand and in Banks.....	\$ 800,830.02
Accounts Receivable.....	42,802.22
Inventories, at the lower of cost or market prices as approved by the managements.....	384,271.65
Dominion of Canada Bonds, at cost, (Market Value, \$430,931.15)	435,581.15
Life Insurance Policies, Cash Surrender Value.....	192,112.24
	<u>\$1,855,597.28</u>

Investments:

Mortgages, Loans and Other Investments, at cost, in- cluding investments in United States Brewing Companies	1,527,604.87
Shares in, and Loans to, other non-brewing subsidiary Companies	206,972.13
	<u>1,734,577.00</u>

Preferred shares of Associated Breweries of Canada Limited, purchased for redemption	3,405.94
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Deferred and Prepaid Charges	43,120.66
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Fixed Assets:

Lands, Buildings, Plants, and Equipment, at the depreciated replace- ment valuation of the Canadian Appraisal Company at July 31st, 1928, with additions since that date at cost.....	3,531,225.63
	<u><u>\$ 7,167,926.51</u></u>

Approved on behalf of the Board,

E. G. SICK	}	Directors
R. J. CHISWICK		

AUDITORS' REPORT

To the Shareholders of

ASSOCIATED BREWERIES OF CANADA LIMITED

We have examined the books and accounts of Associated Breweries of Canada Limited for the year ending December 31st, 1940, and have verified the securities representing the investments of the Company. We have received all the information and explanations that we have required, and have accepted as correct the audited statements of the constituent Companies.

We report that, subject to the values at which the fixed assets of the Company are stated, the attached consolidated balance sheet presents, in our opinion, a true and correct statement of the affairs of Associated Breweries of Canada Limited and its constituent Companies at December 31st, 1940, according to the best of our information, the explanations given to us, and as shown by the books of the Company and the audited statements of the constituent Companies.

The dividends on the preferred shares, payable January 2nd, 1941, have been provided for in these accounts.

In accordance with Section 114 of the Dominion Companies' Act, we report that dividends of \$5,108.08 were received from non-brewing subsidiary Companies out of their accumulated surpluses, and that the payment of these dividends does not involve an impairment of capital; and that the operations of the non-brewing subsidiary Companies resulted in an aggregate net profit of \$3,162.77, which has not been brought into the accounts of this Company.

Redemption of a further \$50,000.00 of cumulative redeemable preferred shares was effected during the year, in accordance with the Letters Patent of the Company, the reduction of capital resulting therefrom being subject to confirmation by Supplementary Letters Patent.

NASH & NASH,
Chartered Accountants.

February 17th, 1941.

It may be of interest to the shareholders to know that the Company draws almost entirely on Canadian farms and factories for the items that go into the manufacture and distribution of its products. Included in the foregoing in 1940 were malt purchases representing a quarter of a million bushels of selected Western Canada barley, and ninety thousand pounds of domestic hops.

During the year your Company took up its rights to additional stock in the Seattle Brewing and Malting Company. This is reflected in the Bank loan shown in the Balance Sheet, and, of course, did not involve any transfer of funds from this country.

Your Directors again desire to express their appreciation of the services and efficiency of the staff and employees of your Company.

On behalf of the Board,

E. G. SICK,

President.

February 25th, 1941.

Calgary, Alberta.

ASSOCIATED BREWERIES OF CANADA LIMITED

Report of the Directors

For the Year ended December 31st, 1940

To the Shareholders:

Your Board of Directors has pleasure in submitting herewith the Thirteenth Annual Consolidated Statement of Associated Breweries of Canada, Limited, from which you will observe the financial results for the year ended 31st December, 1940.

In this unhappy period in World History you will be glad to know that your Company has been able to contribute in a substantial manner to Canada's War Effort, both in taxes and in the purchase of War Loan Bonds. Total Dominion and Provincial Income, Dominion Excess Profits, and Dominion Excise taxes amounted to \$1,654,060.10, an increase of \$712,265.02 over 1939, accounted for both by a larger sales volume and by a greatly increased rate of taxation.

It will be the continued policy of your Company to use its available resources, not required in its seasonal operations, in the purchase of War Loan Bonds. Employees are joining wholeheartedly in the purchase of War Savings Certificates.

Numbers of employees from the Company's several plants have answered the call to duty and joined the forces. In all cases their pay is being made up during their term of service and their positions held open for their return.

The Employees' Benefit Fund has been transferred, as announced in last year's report, to The Royal Trust Company as Trustee, under the administration of a committee of your Directors. A considerable portion of this fund is invested in stocks of this and affiliated companies.